

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

Deer Creek Apartments II, located at Native Oak Drive east of Bruce Road in Chico, requested and is being recommended for a reservation of \$1,874,977 in annual federal tax credits to finance the new construction of 47 units of housing serving large families with rents affordable to households earning 40-60% of area median income (AMI). The project will be developed by Pacific West Communities and will be located in Senate District 4 and Assembly District 3.

Project Number CA-21-134

Project Name Deer Creek Apartments II
Site Address: Native Oak Drive east of Bruce Road
Chico CA, 95928 County: Butte
Census Tract: 16.000

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$1,874,977	\$0
Recommended:	\$1,874,977	\$0

* Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Chico Pacific Associates III, a California Limited Partnership
Contact: Caleb Roope
Address: 430 E. State Street, Suite 100
Eagle, ID 83616
Phone: 208.461.0022
Email: calebr@tpchousing.com

General Partner(s) / Principal Owner(s): TPC Holdings IX, LLC
Butte County Affordable Housing Development Corp.
General Partner Type: Joint Venture
Parent Company(ies): The Pacific Companies
Butte County Affordable Housing Development Corp.
Developer: Pacific West Communities, Inc.
Investor/Consultant: Boston Financial
Management Agent(s): Cambridge Real Estate Services

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 48
No. & % of Tax Credit Units: 47 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Northern Region
TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>	
At or Below 30% AMI:	5	10%
At or Below 40% AMI:	8	17%
At or Below 50% AMI:	19	40%
At or Below 60% AMI:	15	31%

Unit Mix

6 1-Bedroom Units
30 2-Bedroom Units
12 3-Bedroom Units
48 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
1 1 Bedroom	40%	\$523
3 1 Bedroom	50%	\$653
2 1 Bedroom	60%	\$784
3 2 Bedrooms	30%	\$471
4 2 Bedrooms	40%	\$628
12 2 Bedrooms	50%	\$785
10 2 Bedrooms	60%	\$942
2 3 Bedrooms	30%	\$543
3 3 Bedrooms	40%	\$725
4 3 Bedrooms	50%	\$906
3 3 Bedrooms	60%	\$1,087
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$820,978
Construction Costs	\$12,171,806
Rehabilitation Costs	\$0
Construction Contingency	\$1,050,000
Relocation	\$0
Architectural/Engineering	\$595,000
Const. Interest, Perm. Financing	\$731,100
Legal Fees	\$50,000
Reserves	\$165,506
Other Costs	\$1,613,842
Developer Fee	\$0
Commercial Costs	\$0
Total	\$17,198,232

Residential

Construction Cost Per Square Foot:	\$303
Per Unit Cost:	\$358,297
True Cash Per Unit Cost*:	\$358,297

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
California Bank & Trust	\$16,000,000	California Bank & Trust	\$1,450,000
Deferred Costs	\$165,506	Tax Credit Equity	\$15,748,232
Tax Credit Equity	\$1,032,726	TOTAL	\$17,198,232

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$16,025,447
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$20,833,081
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,874,977
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Disaster Credit Tie Breaker Information

First:	No
Second:	No
Third:	\$31,119.95

Significant Information / Additional Conditions:

Deer Creek Apartments II (“Phase II”) will include centralized open space and a covered picnic area. A centrally located swimming pool, basketball half-court, and outdoor children's playground which are being constructed as part of Phase I (Deer Creek Apartments) will also be available for use by residents of Phase II. Prior to the start of construction, a joint use agreement shall be in place. The Joint Use Agreement shall be provided in the placed in service submission.

The project is being developed as a simultaneous phase. The developer fees for both phases comply with the requirements for simultaneous phases pursuant to TCAC Regulation Section 10327(c)(2)(C). There is no developer fee associated with Deer Creek Apartments II (“Phase II”). The first phase, Deer Creek Apartments (“Phase I”) (CA-20-192), is slated to begin construction within six months of Phase II and is located adjacent to the proposed project. Phase I has a developer fee of \$2,200,000.

Resyndication and Resyndication Transfer Event: None

Local Reviewing Agency

The Local Reviewing Agency, the City of Chico, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¾ mile of public park or community center open to general public	2	2	2
Within 1½ miles of a full-scale grocery/supermarket of at least 25,000 sf	3	3	3
Within ¾ mile of a public school	2	2	2
Within 1 mile of medical clinic or hospital	2	2	2
Highest or High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.